

Management Analysts

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Significant Points

- Thirty percent are self-employed, about one and a half times the average for other management, business, and financial occupations.
- Most positions in private industry require a master's degree and additional years of specialized experience; a bachelor's degree is sufficient for entry-level government jobs.
- Despite projected faster-than-average employment growth, intense competition is expected for jobs.

Nature of the Work

As business becomes more complex, the Nation's firms are continually faced with new challenges. Firms increasingly rely on management analysts to help them remain competitive amidst these changes. Management analysts, often referred to as *management consultants* in private industry, analyze and propose ways to improve an organization's structure, efficiency, or profits. For example, a small but rapidly growing company that needs help improving the system of control over inventories and expenses may decide to employ a consultant who is an expert in just-in-time inventory management. In another case, a large company that has recently acquired a new division may hire management analysts to help reorganize the corporate structure and eliminate duplicate or non-essential jobs. In recent years, information technology and electronic commerce have provided new opportunities for management analysts. Companies hire consultants to develop strategies for entering and remaining competitive in the new electronic marketplace. (For information on computer specialists working in consulting, see the following statements elsewhere in the *Handbook*: Computer software engineers; systems analysts, computer scientists, and database administrators; and computer programmers.)

Firms providing management analysis range in size from a single practitioner to large international organizations employing thousands of consultants. Some analysts and consultants specialize in a specific industry, such as healthcare or telecommunications, while others specialize by type of business function, such as human resources, marketing, logistics, or information systems. In government, management analysts tend to specialize by type of agency. The work of management analysts and consultants varies with each client or employer, and from project to project. Some projects require a team of consultants, each specializing in one area. In other projects, consultants work independently with the organization's managers. In all cases, analysts and consultants collect, review, and analyze information in order to make recommendations to managers.

Both public and private organizations use consultants for a variety of reasons. Some lack the internal resources needed to handle a project, while others need a consultant's expertise to determine what resources will be required and what problems may be encountered if they pursue a particular opportunity. To retain a consultant, a company first solicits proposals from a number of consulting firms specializing in the area in which it needs assistance. These proposals include the estimated cost and scope of the project, staffing requirements, references from a number of previous clients, and a completion deadline. The company then selects the proposal that best suits its needs.

After obtaining an assignment or contract, management analysts first define the nature and extent of the problem. During this phase, they analyze relevant data, which may include annual revenues, employment, or expenditures, and interview managers and employees while observing their operations. The analyst or consultant then develops solutions to the problem. In the course of preparing their recommendations, they take into account the nature of the organization, the relationship it has with others in the industry, and its internal organization and culture. Insight into the problem often is gained by building and solving mathematical models.

Once they have decided on a course of action, consultants report their findings and recommendations to the client. These suggestions usually are submitted in writing, but oral presentations regarding findings also are common. For some projects, management analysts are retained to help implement the suggestions they have made.

Management analysts in government agencies use the same skills as their private-sector colleagues to advise managers on many types of issues, most of which are similar to the problems faced by private firms. For example, if an agency is planning to purchase personal computers, it must first determine which type to buy, given its budget and data processing needs. In this case, management analysts would assess the prices and characteristics of various machines and determine which best meets the agency's needs.



Management analysts frequently work in teams to complete projects.

Working Conditions

Management analysts usually divide their time between their offices and the client's site. In either situation, much of an analyst's time is spent indoors in clean, well-lit offices. Because they must spend a significant portion of their time with clients, analysts travel frequently.

Analysts and consultants generally work at least 40 hours a week. Uncompensated overtime is common, especially when project deadlines are approaching. Analysts may experience a great deal of stress as a result of trying to meet a client's demands, often on a tight schedule.

Self-employed consultants can set their workload and hours and work at home. On the other hand, their livelihood depends on their ability to maintain and expand their client base. Salaried consultants also must impress potential clients to get and keep clients for their company.

Employment

Management analysts held about 577,000 jobs in 2002. Thirty percent of these workers were self-employed, about one and a half times the average for other management, business, and financial occupations. Management analysts are found throughout the country, but employment is concentrated in large metropolitan areas. Most work in management, scientific, and technical consulting firms, in computer systems design and related services firms, and for Federal, State, and local governments. The majority of those working for the Federal Government are in the U.S. Department of Defense.

Training, Other Qualifications, and Advancement

Educational requirements for entry-level jobs in this field vary widely between private industry and government. Most employers in private industry generally seek individuals with a master's degree in business administration or a related discipline. Some employers also require additional years of experience in the field in which the worker plans to consult, in addition to a master's degree. Some will hire workers with a bachelor's degree as a research analyst or associate. Research analysts usually need to pursue a master's degree in order to advance to a consulting position. Most government agencies hire people with a bachelor's degree and no pertinent work experience for entry-level management analyst positions.

Few universities or colleges offer formal programs of study in management consulting; however, many fields of study provide a suitable educational background for this occupation because of the wide range of areas addressed by management analysts. These include most academic programs in business and management, such as accounting and marketing, as well as economics, computer and information sciences, and engineering. In addition to the appropriate formal education, most entrants to this occupation have years of experience in management, human resources, information technology, or other specialties. Analysts also routinely attend conferences to keep abreast of current developments in their field.

Management analysts often work with minimal supervision, so they need to be self-motivated and disciplined. Analytical skills, the ability to get along with a wide range of people, strong oral and written communication skills, good judgment, time management skills, and creativity are other desirable qualities. The ability to work in teams also is an important attribute as consulting teams become more common.

As consultants gain experience, they often become solely responsible for a specific project, taking on more responsibility and managing their own hours. At the senior level, consultants may supervise lower level workers and become more involved in seeking out new business. Those with exceptional skills may eventu-

ally become a partner in the firm. Others with entrepreneurial ambition may open their own firm.

A high percentage of management consultants are self-employed, partly because business startup costs are low. Self-employed consultants also can share office space, administrative help, and other resources with other self-employed consultants or small consulting firms, thus reducing overhead costs. Because many small consulting firms fail each year for lack of managerial expertise and clients, persons interested in opening their own firm must have good organizational and marketing skills and several years of consulting experience.

The Institute of Management Consultants USA, Inc. (IMC USA) offers a wide range of professional development programs and resources, such as meetings and workshops, which can be helpful for management consultants. The IMC USA also offers the Certified Management Consultant (CMC) designation to those who meet minimum levels of education and experience, submit client reviews, and pass an interview and exam covering the IMC USA's Code of Ethics. Management consultants with a CMC designation must be recertified every 3 years. Certification is not mandatory for management consultants, but it may give a jobseeker a competitive advantage.

Job Outlook

Despite projected rapid employment growth, keen competition is expected for jobs as management analysts. Because analysts can come from such diverse educational backgrounds, the pool of applicants from which employers can draw is quite large. Furthermore, the independent and challenging nature of the work, combined with high earnings potential, makes this occupation attractive to many. Job opportunities are expected to be best for those with a graduate degree, industry expertise, and a talent for salesmanship and public relations.

Employment of management analysts is expected to grow faster than the average for all occupations through 2012, as industry and government increasingly rely on outside expertise to improve the performance of their organizations. Job growth is projected in very large consulting firms with international expertise and in smaller consulting firms that specialize in specific areas, such as biotechnology, healthcare, information technology, human resources, engineering, and marketing. Growth in the number of individual practitioners may be hindered, however, by increasing use of consulting teams, which permits examination of a variety of different issues and problems within an organization.

Employment growth of management analysts and consultants has been driven by a number of changes in the business environment that have forced firms to take a closer look at their operations. These changes include developments in information technology and the growth of electronic commerce. Traditional companies hire analysts to help design intranets or company Web sites, or establish online businesses. New Internet start-up companies hire analysts not only to design Web sites, but also to advise them in more traditional business practices, such as pricing strategies, marketing, and inventory and human resource management. In order to offer clients better quality and a wider variety of services, consulting firms are partnering with traditional computer software and technology firms. Also, many computer firms are developing consulting practices of their own in order to take advantage of this expanding market. Although information technology consulting should remain one of the fastest growing consulting areas, the volatility of the computer services industry necessitates that the most successful management analysts have knowledge of traditional business practices

in addition to computer applications, systems integration, and Web design and management skills.

The growth of international business also has contributed to an increase in demand for management analysts. As U.S. firms expand their business abroad, many will hire management analysts to help them form the right strategy for entering the market; advise on legal matters pertaining to specific countries; or help with organizational, administrative, and other issues, especially if the U.S. company is involved in a partnership or merger with a local firm. These trends provide management analysts with more opportunities to travel or work abroad, but also require them to have a more comprehensive knowledge of international business and foreign cultures and languages.

Furthermore, as international and domestic markets have become more competitive, firms have needed to use resources more efficiently. Management analysts increasingly are sought to help reduce costs, streamline operations, and develop marketing strategies. As this process continues and businesses downsize, even more opportunities will be created for analysts to perform duties that previously were handled internally. Finally, management analysts also will be in greater demand in the public sector, as Federal, State, and local government agencies seek ways to become more efficient.

Though management consultants are continually expanding their services, employment growth could be hampered by increasing competition for clients from occupations that do not traditionally perform consulting work, such as accountants, financial analysts, lawyers, and computer systems analysts. Furthermore, economic downturns also can have adverse effects on employment for some management consultants. In these times, businesses look to cut costs and consultants can be considered excess expense. On the other hand, some consultants might experience an increase in work during recessions because they advise businesses on how to cut costs and remain profitable.

Earnings

Salaries for management analysts vary widely by years of experience and education, geographic location, sector of expertise, and size of employer. Generally, management analysts employed in large firms or in metropolitan areas have the highest salaries. Median annual wage and salary earnings of management analysts in 2002 were \$60,340. The middle 50 percent earned between \$46,160 and \$83,590. The lowest 10 percent earned less than \$35,990, and the highest 10 percent earned more than \$115,670. Median annual earnings in the industries employing the largest numbers of management analysts and consultants in 2002 were:

Management, scientific, and technical consulting services	\$71,790
Computer systems design and related services	66,120
Federal Government	65,480
Insurance carriers	51,780
State government	47,340

According to a 2002 survey by the Association of Management Consulting Firms, earnings—including bonuses and profit sharing—averaged \$47,826 for research associates in member firms; \$61,496 for entry-level consultants, \$78,932 for management consultants, \$112,716 for senior consultants, \$168,998 for junior partners, and \$254,817 for senior partners.

Salaried management analysts usually receive common benefits such as health and life insurance, a retirement plan, vacation, and sick leave, as well as less common benefits such as profit sharing and bonuses for outstanding work. In addition, all travel expenses usually are reimbursed by the employer. Self-employed consult-

ants have to maintain their own office and provide their own benefits.

Related Occupations

Management analysts collect, review, and analyze data; make recommendations; and implement their ideas. Occupations with similar duties include accountants and auditors; budget analysts; cost estimators; financial analysts and personal financial advisors; operations research analysts; economists; and market and survey researchers. Some management analysts specialize in information technology and work with computers, as do systems analysts, computer scientists, and database administrators. Most management analysts also have managerial experience similar to that of administrative services managers; advertising, marketing, promotions, public relations, and sales managers; financial managers; human resources, training, and labor relations managers and specialists; and top executives.

Sources of Additional Information

Information about career opportunities in management consulting is available from:

► Association of Management Consulting Firms, 380 Lexington Ave., Suite 1700, New York, NY 10168. Internet: <http://www.amcf.org>

Information about the Certified Management Consultant designation can be obtained from:

► Institute of Management Consultants USA, Inc., 2025 M St. NW., Suite 800, Washington DC 20036. Internet: <http://www.imcusa.org>

Information on obtaining a management analyst position with the Federal Government is available from the Office of Personnel Management (OPM) through a telephone-based system. Consult your telephone directory under U.S. Government for a local number or call (703) 724-1850; Federal Relay Service: (800) 877-8339. The first number is not tollfree, and charges may result. Information also is available from the OPM Internet site: <http://www.usajobs.opm.gov>.